



TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

**Market
Activity
Report**

August

2013

Table of Contents

1	Economic Overview	1
2	Stock Market Performance	1
3	Trading Activity	4
4	Bond Market Activity	5
4.1	Primary Bond Market	5
4.2	Secondary GORTT Bond Market	5
5	Market Developments	6
6	Regional Developments	7
6.1	Jamaica Stock Market	7
6.2	Barbados Stock Market	10
7	International Developments	11

1 Economic Overview

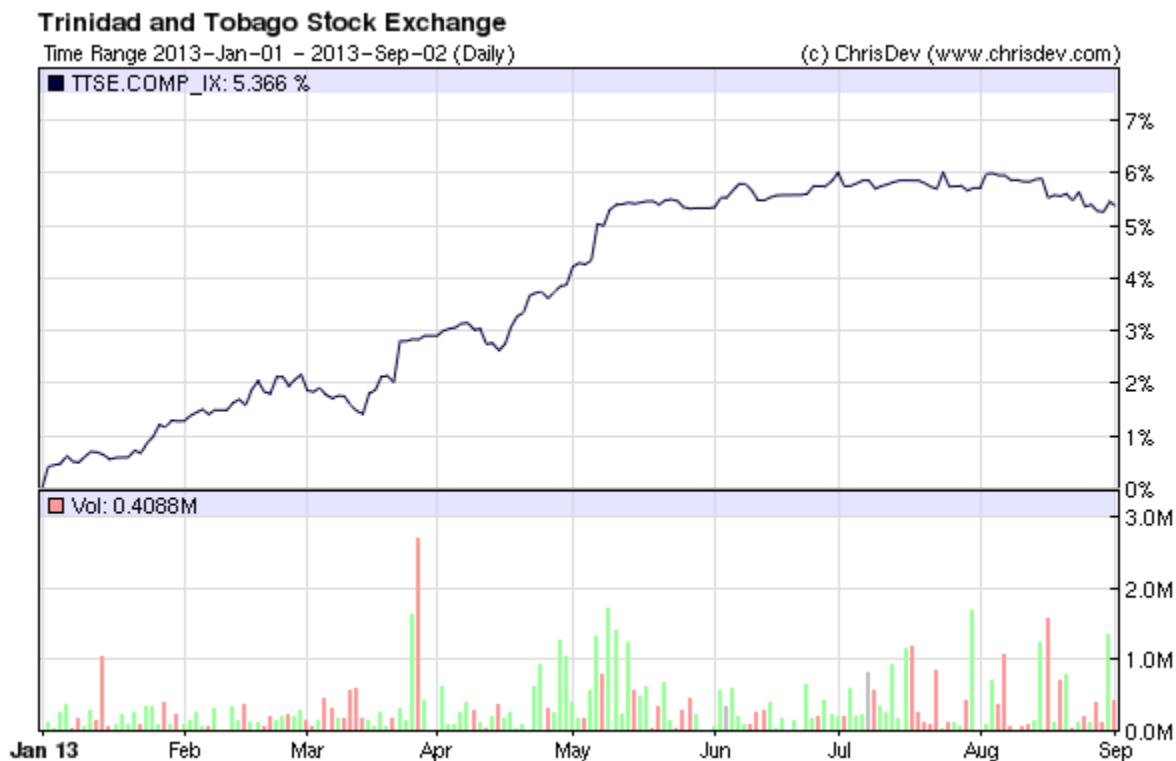
The Central Bank provided economic data in its Monetary Policy Announcement which underscored the improvement in the local economy in 2013. According to the Central Bank's Quarterly Real GDP Index, the economic activity increased at an average rate of 1.7 percent (year-on-year) for four (4) successive quarters over the period July 2012 to June 2013. This output was driven by non-energy sector which increased at an average rate of 2.5 percent in the four (4) quarters to June 2013 while the energy sector grew at a much slower rate of 0.7 percent (year-on-year) over the same period.

2 Stock Market Performance

The stock market experienced its second straight month of decline as the TTSE Composite Index closed 0.25 percent lower at the end of August 2013. The decline in the TTSE Composite Index over the last two (2) months eroded its year to date gains which measured 5.01 percent at the end of August 2013. Notwithstanding the continued lack lustre performance of the TTSE Composite Index the heightened investor interest generated by the recently launched First Citizens IPO should weigh positively on the local stock market in the coming months. With trading in the FCB shares expected to commence on September 16, 2013 the TTSE Composite Index can be expected to experience a turnaround at the end of September 2013.

The All T&T Index experienced a marginal decline of 0.09 percent to close at 1,828.57 whereas the Cross Listed Index fell by 0.86 percent to post the worst performance out of the three (3) indices for the month of August 2013.

Figure 1: TTSE Composite Index for the period January 2013 – August 2013



Market activity in August 2013 resulted in trading in twenty-eight (28) stocks. Of these twenty-eight (28) stocks, nine (9) advanced, ten (10) declined and nine (9) traded firm. The advances for the month of August 2013 were led by Trinidad Cement Limited (TCL) and ranged from 119.40 percent to 0.06 percent. The advances in July 2013 ranged from 41.05 per cent to 3.67 per cent and were also led by TCL. The top five (5) performers are listed in **Table 1** below.

Table 1: Top five (5) performing stocks for August 2013

	Security	Closing Price	Monthly Change (\$)	Monthly Change (%)
1.	Trinidad Cement Limited	2.94	1.60	119.40
2.	Jamaica Money Market Brokers	0.50	0.07	16.28
3.	Scotia Investments Jamaica Limited	2.04	0.17	9.09
4.	Sagicor Financial Corporation	6.85	0.35	5.38
5.	Angostura Holdings Limited	9.50	0.48	5.32

The declines for the month of August 2013 were led by Williams LJB and ranged from 10.96 percent to 2.94 percent. The declines for the previous month ranged from 17.05 per cent to 2.52 per cent and were also led by Williams LJB.

Table 2: Worst five (5) performing stocks for August 2013

	Security	Closing Price	Monthly Change (\$)	Monthly Change (%)
1.	Williams LJB	0.65	(0.08)	(10.96)
2.	National Commercial Bank Jamaica Limited	1.10	(0.08)	(6.78)
3.	Guardian Holdings Limited	15.00	(0.98)	(6.13)
4.	Neal and Massy Holdings Limited	56.00	(2.96)	(5.02)
5.	Gracekennedy Limited	3.30	(0.10)	(2.94)

3 Trading Activity

Market activity in the month of August 2013 resulted in the trading of 9,256,226 shares at a value of TT\$70,407,258.07. Trading volumes and values were down by 11.60 percent and 33.14 percent respectively from the previous month. Jamaican Money Market Brokers Limited (JMMB) surpassed Trinidad Cement Limited (TCL) to become the volume leader for the month of August 2013 with 3,434,948 shares traded. TCL followed closely with 3,021,602 shares traded, almost half its traded volume recorded in July 2013 (5,919,233 shares). Trading activity in the JMMB and TCL shares accounted for 70 percent of the aggregate traded volumes on the TTSE in August 2013. Ansa Mc AL Limited was the value leader as trading in the company's shares amounted to TT\$ 29,517,501 and represented 42 percent of the total value of shares that traded for the month. (See Table 3).

Table 3: Monthly and Yearly Comparison of Trading Values and Volume: July 2013 – August 2013

Volume/ Value	July 2013	August 2013	August 2012	MOM change (\$)	MOM % change	YOY Change (\$)	YOY % change
Volume of Trading	10,471,236	9,256,226	4,805,148	(1,215,010)	(11.6)	4,451,078	92.6
Value of Trading (\$)	105,311,261	70,407,258.07	66,149,991.24	(34,904,003)	(33.1)	4,257,267	6.4
Average Daily Volume	455,271	462, 811.3	252, 902.5	7,540.3	1.7	209,908.8	83
Average Daily Value (\$)	4,578,750	3, 520, 362.9	3,481, 578.5	(1,058,387.1)	(23.1)	38,784.4	1.11

4 Bond Market Activity

4.1 Primary Bond Market

As reported in the last month's Market Activity Report the TT\$ 1.0 billion 10-year 2.50 percent liquidity absorption bond issued on August 6, 2013 was undersubscribed, with total bids amounting to only TT\$895.271 million. The lack lustre demand for this bond issue could be attributed to the heavily oversubscribed FCB IPO which attracted significant amounts of investment capital from individual and institutional investors alike.

4.2 Secondary GORTT Bond Market

There was a marked pick-up in trading activity in the secondary government bond market in August 2013. During the month there were twenty six (26) trades which had a cumulative value of TT\$537,925,428.00, a significant increase over the previous month which saw only three (3) trades with a value of TT\$87,653.80. Trading occurred on the two (2) most recently issued liquidity absorption bonds: the TT\$1.0 billion 7-year 2.6 percent bond issued on May 21, 2013 and the TT\$ 1.0 billion 10-year 2.50 percent bond issued on August 6, 2013. The former bond issue accounted for the bulk of trading activity with twenty-five (25) out of the twenty-six (27) trades and over 99 percent of the aggregate trading values on the TTSE in August 2013 (TT\$533,818,872.00).

5 Market Developments

First Citizens Bank (FCB)

The Initial Public Offering (IPO) of FCB was oversubscribed by approximately TT\$ 3 billion according to Mr. Larry Nath, chief executive officer of FCB. The IPO was valued at approximately TT\$1.1 billion. Mr. Nath also stated that individual investors who had purchased 1,000 shares or fewer would receive their full allotment of shares. These investors represented 60 percent of individual investors who made applications for the IPO. Shares would be allocated to the remaining 40 percent of individual investors on a pro rata basis. The FCB shares would be listed on the TTSE from September 16, 2013 under the code FIRST.

Jamaica Money Market Brokers (JMMB)

JMMB's Share Offer for 7.50 percent and 7.25 percent cumulative redeemable preference shares closed on Friday August 30, 2013. The Offer for the 7.50 percent cumulative redeemable preference shares was oversubscribed by 402,482,000 shares. In accordance with the terms of the prospectus, JMMB will allot additional preference shares to applicants in order to satisfy this excess demand. The allocation of the additional 7.50 percent cumulative redeemable preference shares would be made out of preference shares currently held by JMMB. In contrast, the Offer for the 7.25 percent cumulative redeemable preference shares was undersubscribed as applications were only received for 15,358,000 shares out of the 50,000,000 shares offered.

Regional Developments

5.1 Jamaica Stock Market

The Jamaican stock market continued its sluggish performance over the month of August 2013 as the JSE Market Index declined by 1.20 percent to close at 85,039.91. The JSE Market Index posted a year to date decline of 7.67 percent. See **Figure 2** below. The advance/decline ratio for listed companies on the JSE underscored the bearish mood of the market. Out of thirty one (31) stocks, eighteen (18) declined, nine (9) advanced and four (4) traded firm. **Tables 4** and **5** provide a breakdown of the top advances and declines for the period under review

Overall trading activity led to 111,688,275 shares being traded at a value of J\$631.1 million. While trading volumes in August 2013 remained on par with the levels seen in the previous month there was a sharp fall-off in trading values which registered J\$1.82 billion in July 2013.

Figure 2: JSE Market Performance of the JSE Market Index: January 2013 – August 2013



The advances in the JSE ranged from 110.53 percent to 1.15 percent and were led by Caribbean Cement Company (See **Table 4**).

Table 4: Top five (5) performing stocks in the JSE - August 2013

SECURITIES		Closing Price \$	Monthly Change \$	Monthly Change %
1.	Caribbean Cement Company Ltd.	2.00	1.05	110.53
2.	LIME	0.17	0.03	21.43
3.	Barita Investments Limited	2.50	0.20	8.70
4.	National Commercial Bank Jamaica	19.86	0.81	4.25
5.	Jamaica Broilers Group	5.14	0.15	3.01

The declines amongst the top (5) worst performing stocks on the JSE ranged from 10.78 percent to 0.02 percent and were led by Seprod Limited. In July 2013, the worst performer was Pulse Investments which declined by 41.25 percent

Table 5: Worst Five (5) performing stocks in the JSE - August 2013

SECURITIES		Closing Price \$	Monthly Change \$	Monthly Change %
1.	Seprod Limited	13.00	(1.57)	(10.78)
2.	Kingston Wharves	7.00	(0.80)	(10.26)
3.	Jamaica Stock Exchange	2.95	(0.30)	(9.23)
4.	Sagicor Life Jamaica	8.19	(0.74)	(8.29)
5.	Supreme Ventures	2.66	(0.24)	(8.28)

5.2 Barbados Stock Market

The Barbados stock market recovered the previous month's losses as the BSE Composite Index advanced by 5.41 percent in August 2013 to close at 733.26. The BSE Composite Index closed at 695.62 at the end of July 2013. Despite the rather dismal performance of the BSE Composite Index the stock market remained in positive territory with a year to date gain of 0.44 percent (See Figure 3 below)

Figure 3: Performance of the BSE Composite Index: January – August 2013.



6 International Developments

Financial markets slumped as geopolitical tensions in the Middle East escalated during the month of August 2013. The increasing prospects of a military intervention in Syria sent global equity markets in turmoil and investors concerns over the impact of such action on the global economy recovery weighed heavily on equities. The Syrian crisis also led to increased volatility in commodity markets with futures prices for oil rising above US\$110 per barrel on August 28, 2013, the highest level in more than two (2) years, largely on account of concerns over supply disruptions from the Middle East if the conflict in Syria spilled over into the region.

The developed markets fared the worst out of the global market indices. The United States Dow Jones Industrial Average and Japan's Nikkei 225 experienced the biggest losses in August 2013 with declines of 5.23 percent and 4.40 percent respectively. The emerging market indices with the exception of the India's Sensex proved resilient as the China's Shanghai Index posted the biggest gain for the month of 3.42 percent and Brazil's Bovespa advanced by 1.76 percent, the second largest gain for the month of August 2013.

The United States equity markets recorded a dismal performance for the month of August 2013 due to the ongoing developments in Syria and increased speculation over the Federal Reserve cutting back its quantitative easing (QE₃) program (stimulus program) and reducing its bond purchases. Investor anxiety grew as a U.S military strike seemed imminent. Against this backdrop the release of positive economic reports on the U.S. economy did little to abate investor concerns. Real GDP expanded by 2.5 percent for the second quarter of 2013, an increase over the previous quarter's estimate of 1.1percent¹. The improvement in economic activity was due to increases in real personal consumption expenditure, real nonresidential fixed investment and real exports of goods and services of 1.8 percent, 4.4 percent and 8.6 percent, respectively.

¹ "Stock Market News for August 30, 2013 - Market News" <http://www.nasdaq.com/article/stock-market-news-for-august-30-2013-market-news-cm271631#ixzz2gKLd62aL>

The U.K FTSE 100 reversed its gains from the previous month declining by 4.03 percent in August 2013. This poor performance occurred amidst heightened uncertainty over the UK's involvement in the Syrian crisis. While the vote by the British Parliament against taking military action in Syria provided a brief respite to investors the possibility of the United States launching a strike against Syria still loomed over the markets. Energy sector companies benefited from the geopolitical uncertainty as their shares rose in response to the spike in oil prices. Positive developments in the financial sector also created a boost for the U.K equity market. The banking sector companies rallied on August 28, 2013 following the announcement by the Bank of England (BOE) Governor Mark Carney that the Prudential Regulation Authority (PRA) would be relaxing its liquidity requirements for commercial banks and building societies. Once these rules are implemented these institutions that meet the minimum 7 percent capital threshold would be able to reduce their holdings of liquid assets. The BOE Governor further explained that the easing of the liquidity requirements for banks and building societies is expected to lead to an increase in the supply of credit to the economy "...as every pound currently held in liquid assets is a pound that could be lent to the real economy"².

The India's BSE Sensex was the worst performer out of the emerging market indices. The BSE Index continued its decline in August 2013 falling by 3.61 percent while the rupee fell to a record low against the dollar on August 22, 2013 falling by roughly 20 percent. India's stock market along with other emerging markets (such as Brazil) faced significant challenges in recent months as the prospect of tighter monetary policy in the U.S and higher U. S interest rates caused a shift in investor capital out of the region. In response to the plummeting rupee the Government of India implemented a series of measures designed to support the rupee and restrict capital outflows from India which included limits on the imports of gold, oil and other key commodities and restrictions on the amount of money Indian citizens could take out of the country³.

² News Release - Prudential Regulation Authority Statement on liquidity, August 28, 2013 – BOE.

³ "India edges toward crisis as rupee plunges – August 19, 2013" – CNN Money

Table 7: Performance of Major International Stock Market Indices.

Market Indices	% Change July 2013	% Change August 2013	% Change for the Year-to-date
Nikkei 225 (Japan)	(1.33)	(4.40)	25.27
Dow Jones Industrial Average (US)	3.50	(5.23)	10.42
FTSE 100 (UK)	4.97	(4.03)	6.40
Dax (Germany)	3.66	(3.66)	4.17
SSE Composite Index (China)	6.66	3.42	(7.52)
BSE Sensex (India)	(1.18)	(3.61)	(5.55)
Ibex 35 (Spain)	(0.07)	(2.92)	(1.86)
IBovespa (Brazil)	2.13	1.76	(20.05)